

Law Director
THOMAS LOBE, L.P.A.

Director of Finance
FRANK J. BRICHACEK, JR.

Assistant Finance Director
DEBBIE DOLES

Engineer
PIETRO A. DI FRANCO, P.E., SI,
LEED AP, CPESC

Building Commissioner
FREDRIC WYSS, JR.

Safety Director
ROBERT M. WEGER

City of Willoughby Hills

35405 Chardon Road, Willoughby Hills, Ohio 44094-9195
Phone (440) 946-1234 FAX 975-3535

Robert M. Weger, Mayor

Council

CHRISTOPHER L. BIRO
NANCY E. FELLOWS
DAVID M. FIEBIG
JENNIFER SOMMERS GREER
CHRISTOPHER HALLUM
JANET R. MAJKA
JOHN T. PLECNIK

Council Clerk

VICTORIA A. SAVAGE, CMC

January 28, 2016
Revised February 5, 2016

Nancy E. Fellows, President of City Council
City of Willoughby Hills, Ohio
35405 Chardon Road
Willoughby Hills, Ohio 44094

Re: 2016 Proposed Operating Budget

Dear Council President Fellows:

Submitted herewith for Council's review and consideration is the City's proposed 2016 Annual Operating Budget. We would request that an ordinance adopting this budget be introduced on first reading at the February 11, 2016 Council meeting with the second and third readings of the proposed ordinance occurring at the regular Council meetings scheduled for February 25th and March 10th, 2016. State law requires that the City adopt an operating budget by no later than March 31st of any year.

The 2016 General Fund proposed operating budget is summarized as follows:

\$ 6,457,200 – Estimated Revenue
\$ 6,512,100 – Estimated Expenditures
(\$ 54,900) – Estimated Excess of Expenditures over Revenues
\$ 1,476,634 – Unobligated Fund Balance January 1, 2016
\$ 1,421,734 – Projected General Fund Balance December 31, 2016

As in past years, every effort was made to eliminate the projected 2016 operating deficit while trying to maintain current operations at a high level. Unfortunately, three significant items have made it difficult to accomplish that goal:

1. **The State of Ohio's decision to reduce the amount of funding it provides to local governments.** It is projected that the City will receive approximately \$789,000 less in State funding in 2016 than it received in from the State in 2007.
2. **Income tax stagnation.** Income tax revenue is the City's primary funding source. Due to the combined impact of the overall economy combined with the loss of a major employer to another local community, the amount of income tax received in 2015 was only 2% higher (\$96,400) than was received by the City in 2012.
3. **Implementation of the Federal Affordable Care Act.** The City will be required to offer health insurance coverage to eight part-time employees who worked 30 or more hours per week during 2015. The 2016 budget has been increased by \$25,200 to provide for the cost of implementing this mandate effective for the last eight months of 2016. Annualized, this will add approximately

\$38,000 to the City budget. The 2016 Budget assumes that only one of the eight eligible individuals will select health care coverage while the other seven have health insurance from other sources and will waive coverage and accept payment for waiving coverage. Should all eight elect coverage for themselves and their families, the additional cost to the City will be approximately \$146,000.

The proposed 2016 Revenue Budget was impacted by the following items:

- A slight decrease in property tax revenue and the related property tax credits and rollbacks received from the State of Ohio. During 2015 the Lake County Auditor completed his reassessment of current property values. The reassessment resulted in a decrease of approximately 3.5% (approximately \$8.9 million) from 2014 values.
- A projected overall decrease in income tax revenue of approximately \$26,800 (\$4,000 General Fund increase, \$30,800 Safety Forces Special Revenue Fund decrease) over the amount budgeted in 2015. The amount estimated for 2016 is \$94,500 over the amount of income tax revenue received by the City in 2015 (\$67,100 General Fund, \$27,400 Safety Forces Special Revenue Fund).
- A projected increase in revenue from the Mayor's Court of approximately \$114,000 over the amount budgeted for 2015. The anticipated 2016 revenue exceeds the amount of revenue actually received by the Mayor's Court in 2015 by approximately \$53,200.

The 2016 Expenditure Budget was impacted by the following items:

- Negotiated wage increases: The budget reflects wage adjustments for all union employees (Police and Service – 2%, Firefighters 0.50%) that were approved by City Council in 2013 and 2014.
- The budget includes a 2% adjustment for City Council and all other employees not covered by collective bargaining agreements. The Department of Labor had not yet released the January 2016 CPI. Once this figure is released, the actual wage adjustment for the City's elected officials will be computed and the budget adjusted accordingly.
- Health Care: The budget projects a 20% increase in the cost of health insurance, effective July 1. In addition, the first six months of 2016 reflect the rate increases which went into effect on July 1, 2015.
- Affordable Care Impact: As previously noted, the Affordable Care Act will require the City to offer health care coverage to eight part-time employees (four firefighters, three police officers and the Clerk of City Council) who worked an average of 30 hours a week during the 2015 test period. The budget anticipates that seven of the eight employees will waive coverage and instead accept the waiver payment (\$225 per month) when they become eligible for coverage provides \$25,200 for this expense covering eight months of 2016 (annualized expense \$38,000). However should these employees decide to accept coverage from the City, this expense could grow to as much as \$145,000 annually if all employees require family coverage.
- City Debt:
 - At this time, the budget does not anticipate any new borrowing however this may change depending upon the final cost of the SOM Center Road (Rt. 91) resurfacing project.
 - \$1,334,265 will be paid by the City against its existing debt total of \$12,741,310
 - Depending upon whether or not the SOM Center Road is debt financed, the 2016 Budget is projecting a long term debt balance of \$11,407,045 at the end of 2016.
 - The City will make its final payments on the 2001 Fire Station Improvement and the 2005 Fire Truck bonds and the Police Department's five year radio equipment lease.
- Other Items: The 2016 budget provides for the following significant operating and capital expenditures:
 - A \$38,000 reduction for the City's bi-annual audit by the State Auditor of the City's financial records as this will not take place until 2017.

- The paving of Worrell Road (\$173,200) 50% of this expense will be financed by a grant from the State.
- \$1,669,000 for Route 91 Paving Project construction expense. This design of this project was funded in 2015. The City received a Federal PTAM Grant in the amount of \$1,055,500 to partially finance this project leaving the City to finance \$613,500. In order for this project to go forward, the City will have to make a decision as how to finance its share of this project as the resources of the City's three road funds are not sufficient to fully fund this expense.
- A decrease of \$74,400 for the purchase of road salt over the amount actually expended in 2015. In 2015, the City paid an average of \$77 per ton for rock salt; the price for 2016 decreased to approximately \$51.00 per ton.
- \$115,000 for major maintenance work on the Pleasant Valley Bridge.
- \$74,100 for the purchase and equipping of two new Police vehicles.
- \$175,000 for the replacement by the Service Department of a 1 ton dump truck, a 1 ton pickup truck (both with snow plow packages) and a skid steer used for street maintenance. The skid steer will be financed by the City's Capital Fund. This will deplete the Capital Fund as, with the loss of revenue from the Estate Tax, this fund no longer has a funding source.
- \$48,000 for the restriping of City streets.
- \$48,100 to increase the staffing of the road crew by one position.
- \$109,000 for the estimated cost of retirement payouts to city employees who are expected to retire from the service of the City during 2016.

Potential Capital Requirements- 2017 Through 2019

The list that follows represents the Administration's current estimate of the City's capital needs for the years 2017 through 2019. These items will need to be incorporated into the operating budgets for each of these years along with funding for each of these items. In past years, the City had dedicated revenue that it received from the State of Ohio from the Estate Tax to finance its capital program. Since the State of Ohio eliminated the Estate Tax in 2013 and did not make provisions to replace this source of City capital funding revenue, the General Fund will most likely have to finance the bulk of the items listed.

2017 Potential Capital Needs

- \$100,000 – Dispatch – 911 system replacement
- 75,000 – Police Department – Replacement of two cars
- \$150,000 – Police Department – Replacement of radios
- \$300,000 – Service Department – Replacement of two snow plows
- \$50,000 – Service Department – Replacement of two pickup trucks
- \$10,000 – Service Department – Computerized scan tool for vehicle maintenance
- \$15,000 – Information Technology – Equipment replacement Citywide

2018 Potential Capital Needs

- \$75,000 – Police Department – Replacement of two cars
- \$125,000 – Fire Department – Ambulance Refurbishment
- \$15,000 – Information Technology – Equipment replacement Citywide
- \$10,000 – Service Department – One ton trailer for hauling
- \$10,000 – Service Department - 72" riding zero turn mower
- \$4,500 – Service Department – Hand blowers (2) chainsaws (2) and gas auger

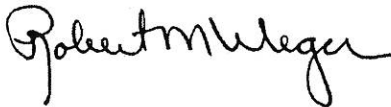
2019 Potential Capital Needs

- \$75,000 – Police Department – Replacement of two cars
- \$50,000 – Service Department – Pickup truck replacement
- \$15,000 – Service Department – Garage doors replacement
- \$4,500 – Service Department – Sandblasting cabinet and air compressor

To: Nancy E. Fellows, City Council President
RE: 2016 Proposed Operating Budget
January 28, 2016
Revised February 5, 2016

As previously noted, like the 2014 and the 2015 budgets, the 2016 budget is very lean, to the point of being painful. The City's current funding sources require it to defer various capital projects and equipment replacement that it would otherwise like to perform. The Administration will continue to manage the City's operation very carefully as it did in 2015 which resulted in a General Fund operating surplus of approximately \$298,000. In an environment of reduced support from the State of Ohio and stagnant to declining property values, the Administration and Council will need to consider what service and funding levels are acceptable in 2016 and beyond. As the past as shown, we cannot continually balance budgets by deferring the replacement of equipment needed by the staff to operate or maintaining streets and infrastructure without paying a significant price in the future.

Sincerely,



Robert M. Weger
Mayor



Frank J. Brichacek
Director of Finance

Enclosures (1)

C: City Council

City of Willoughby Hills

Interoffice Memo

Date: February 5, 2016
To: Mayor Robert Weger and Members of City Council
From: Frank Brichacek, Director of Finance *FB*
Subject: 2016 Operating Budget Revisions and Appropriation Ordinance Schedule

Attached to this memorandum you will find the following items relative to the 2016 Proposed Operating Budget:

1. A revised budget message reflecting the impact of new information received since last Thursday when the Proposed Operating Budget Document was given to Council. As a result of these changes, the projected excess of budgeted expenditure over budgeted revenue has decreased from \$155,300 to \$54,900.
2. The Schedule of 2016 Appropriations for the 2016 Appropriation Ordinance which the Mayor has requested be placed upon the Council Agenda for introduction and consideration at the regular Council meeting scheduled for Thursday evening February 11, 2016.

BUDGET REVISIONS

Workers Compensation

After meeting with the City's Workers Compensation consultant today, the net Workers Compensation budget for 2016 has been reduced as follows:

- The proposed budget for 2015 and 2016 Workers Compensation was estimated to be \$164,000 with no refunds being anticipated. The Workers Compensation budget (Expense Account 110.110.53910, Page E-4) for the 2015 and 2016 years is being increased from \$164,000 to \$223,700.
- The 2016 Operating Budget as originally submitted did not anticipate any refunds of past expenses or credits for current expenses. The 2016 budget now anticipates expense credits and refunds from the Bureau of Workers Compensation totaling \$160,100 from the following sources:
 - Beginning in 2016, the Bureau of Workers Compensation (BWC) is changing from billing in arrears to billing currently. The 2016 budget reflects two years (2015 and 2016) expense. To cushion the impact of this change, the BWC is granting the City a 50% credit (approximately \$110,000) against the liabilities for these years.
 - It was also learned today that the BWC will be issuing the City a refund totaling approximately \$50,300 for claim years 2012, 2013 and 2014. These three refunds are the result of the City's actual cost of the claims arising out of these years being lower than was anticipated by the BWC when originally billed.
 - This revised estimate is shown in Revenue Account 110.000.49532 (Page RD-3)

**2016 Operating Budget Changes and Appropriation Ordinance Request
February 5, 2016**

- The net impact of these two changes is to reduce the General Fund's 2016 estimated excess of expenditures over expenditures by \$100,400, from \$155,300 to \$54,900.

Local Law Enforcement Trust Fund No. 802

The proposed budget of the Police Department's Local Law Enforcement Trust Fund No. 802 (Page E-37) has been reduced to \$69,900 from \$71,000. This revision was necessary because after the budget document was prepared, it was realized by the Police Department that a purchase order had been closed in error and requested that it be re-opened. The impact of this additional 2015 obligation reduced the ending unobligated fund balance of this fund by \$1,100. Without this revision, the 2016 appropriation of this fund would have resulted in a negative fund balance. The County Budget Commission is precluded by law from certifying the appropriation of any fund which results in a projected negative ending fund balance.

2016 BUDGET MESSAGE REVISION

Also attached to this memorandum is a revised Budget Message reflecting the impact of the changes described above. The only change to the Budget Message as originally submitted is to the estimated revenue and expenditure amounts listed in the General Fund Summary in the second paragraph. If you would return your copy of the Proposed 2016 Operating Budget document to the Finance Department, I will see that the affected pages are changed to reflect these changes and return your document to you.

If you have any questions regarding these changes do not hesitate to contact me.

Attachments (2)

C: Debbie Doles, Assistant Finance Director

City of Willoughby Hills

Interoffice Memo

Date: February 16, 2016
To: Mayor/Safety Director Robert Weger
From: Frank J. Brichacek, Director of Finance 
Subject: Proposed Consolidation of Fire Department Capital Improvement Funds

Summary

- The City currently has two capital improvement funds dedicated to acquiring, constructing and/or maintaining the fire station and equipment used by the firefighters.
- In December 2016, the City will make its last payment on the bonds issued in 2001 to finance the construction/renovation of the fire station.
- On January 1, 2016 the City made its last payment on the bonds issued in March 2005 for the purpose of acquiring a fire truck.
- It is being recommended that the two Fire Department capital funds be consolidated into a single capital project fund and the funding sources currently dedicated to those two funds be dedicated to the new Fire Department Capital Fund and that the resulting surplus of revenue be used to finance the 2016 debt service requirement of the 2012 Fire Truck and 2015 ambulance acquisitions.
- It is requested that these changes be considered at the Council meeting scheduled for February 25, 2016 and that the three reading rule be waived and the ordinance enacted with an emergency clause so that it is effective immediately upon adoption and approval by the Mayor.
- If the changes proposed are approved, the General Fund's projected 2016 budget deficit of \$54,900 will become a budget surplus of \$27,100.

Discussion

The City currently has two capital funds dedicated to the Fire Department. Those funds are:

- **Fund 441 The Fire Department Capital Construction Fund** – Authorized by Section 135.17 of the Codified Ordinances, this fund was created in 2004 to finance the design and renovation/construction of the

City's fire station as well as servicing any debt issued for this purpose. This fund is financed by charges for emergency services (per Section 141.05 (g) (2) A) and the City's contract with Waite Hill for EMS services (per Section 135.17 (a)). The bond issued City will issue its final payment on this bond on December 19, 2016.

- **Fund 444 The Fire Department Capital Equipment Fund** – Authorized by Section 135.26 of the Codified Ordinances, this fund was also created in 2004 for the purchase of ambulances, trucks, safety vehicles and other major pieces of Fire Department equipment. This fund is financed by fees and charges for services designated by City Council, donations and grants. Currently the only revenue source dedicated to this fund is the proceeds of billings for motor vehicle accidents. Section 141.05 (g) (2) C dedicates this revenue to be used for the retirement of the bond issued in January 2005 for the purchase of an aerial truck. On January 1, 2016 the City issued the final payment on this bond.

For 2016, these two funds are summarized as follows:

	Fund 441 Fire Construction	Fund 444 Fire Equipment	Combined Total
<u>Estimated Revenues</u>			
Waite Hill Contract	\$51,100		\$51,100
EMS Fees	90,000		90,000
Accident Response Fees		\$5,000	5,000
Total Estimated Revenues	<u>\$141,100</u>	<u>\$5,000</u>	<u>\$146,100</u>
<u>Estimate Expenditures</u>			
Billing Service	\$6,300	\$400	\$6,700
Refunds	1,000		1,000
Transfer to Debt Service	110,600	4,600	115,200
Total Estimated Expenditures	<u>\$117,900</u>	<u>\$5,000</u>	<u>\$122,900</u>
Excess of Revenues Over/(Under) Expenditures	\$23,200	\$0	\$23,200
<u>Fund Balance</u>			
January 1, 2016	<u>59,059</u>	<u>6,584</u>	<u>65,643</u>
Projected December 31, 2016	<u>\$82,259</u>	<u>\$6,584</u>	<u>\$88,843</u>

As can be seen from the above summary, the Fire Construction Capital Fund No. 441 has more resources than it needs to finance the 2001 Fire Station Improvement Bond final debt service payment of \$110,550. The Fire Equipment Capital Fund No. 444 has insufficient resources to finance the 2005 Fire Truck Acquisition Bond final debt service payment of \$95,097.

To address this situation and to provide for more orderly planning for the acquisition/replacement of Fire Department equipment in the future, I am

recommending that the City consolidate the two Fire capital funds into a single, all inclusive fund for to accumulate resources to finance the replacement of property, plant and equipment in the future. To do so, the following changes need to be considered for implementation:

1. Section 141.05 (g)(2)A should be modified to allow any revenue from EMS billing in excess of the amount needed to fully finance the 2001 Fire Station Improvement Bond Debt Service payment be credited to the Fire Department Property, Plant and Equipment Capital Project Fund No. 444.
2. Section 135.17 should be amended to add a subsection (c) which states that upon retirement of the 2001 Fire Station Improvement Bond that the Fire Department Capital Construction Fund No. 441 shall be closed and any equity remaining in said fund shall be transferred to the Fire Department Property, Plant and Equipment Fund No. 444.
3. The following revisions to Section 135.26 should be made:
 - a. The title of the section be amended from "Fire Department Capital Equipment Fund" to "Fire Department Property, Plant and Equipment Capital Fund"
 - b. Section 135.26 (a) be amended to read as follows: "(a) The Director of Finance is hereby authorized and directed to deposit fees and charges for services generated by the Fire Department, grants, donations, investment revenue and other revenue directed by Council including, but not limited to, fees from EMS and Fire Services to the Village of Waite Hill and fees from EMS services from non-residents of the City of Willoughby Hills into the Fire Department Property, Plant and Equipment Capital Equipment Fund."
 - c. Section 135.26 (b) be amended to read as follows: "Expenditures shall be made from the Fire Department Property, Plant and Equipment Capital Equipment Improvement Fund for the cost of engineering, design and construction or renovation of Fire Department facilities, and the specifically for the purchase of major pieces of capital equipment including but not limited to fire ambulances, fire trucks, safety vehicles, ~~and other major pieces of capital equipment.~~ or the cost of issuing debt to finance said purchases and the annual debt service on any debt issued for this purpose."
4. If the changes above are authorized, the Fire Department Property, Plant and Equipment Capital Fund No. 444 will be in a position to Finance the debt service on the note issued to finance the 2012 Fire Truck and 2015 Ambulance acquisitions. If approved, the following changes to the 2016 Operating Budget will be made:
 - a. The \$82,000 transfer currently proposed from the Safety Forces Special Revenue Fund No. 234 to the Debt Service Fund No. 310 to finance the

To: Mayor/Safety Director Robert Weger

Subject: Proposed Consolidation of Fire Department Capital Improvement Funds

Date: February 16, 2016

2012 Fire Truck and 2015 Ambulance acquisitions debt service requirements will be eliminated.

- b. The Fire Department Property, Plant and Equipment Capital Fund will now transfer \$82,000 to the Debt Service Fund No. 310 to finance the 2016 debt service on the 2012 Fire Truck and 2015 Ambulance acquisitions.
- c. The 2016 General Fund subsidy transfer of \$3,995,500 will be reduced by \$82,000 to \$3,913,500.
- d. Currently the General Fund has a proposed \$54,900 estimated excess of expenditures over revenues. With this change, the General Fund's deficit will become a surplus, an excess of revenues over expenditure of \$27,100.

Attachment

C: Tom Lobe, Director of Law
Debbie Doles, Assistant Finance Director
Richard Harmon, Fire Chief

135.17 FIRE DEPARTMENT CAPITAL CONSTRUCTION FUND.

(a) There is hereby created a fund known as the Fire Department Capital Construction Fund. All funds received by the City as a result of EMS and Fire Services to the Village of Waite Hill, by the provisions of EMS services to the nonresidents of the City of Willoughby Hills and through investment earnings shall be utilized for the renovation of the Fire Station.

(b) Expenditures shall be made from the Fire Department Capital Construction Fund for engineering, design, construction management, letting of construction contracts and debt service on any debt instrument issued to acquire the necessary funds to construct or renovate the Fire Department facilities.

(Ord. 2004-39. Passed 7-22-04.)

PROPOSED REVISION

135.17 FIRE DEPARTMENT CAPITAL FUND.

(a) There is hereby created a fund known as the Fire Department Capital Construction Fund. All funds received by the City as a result of EMS and Fire Services to the Village of Waite Hill, by the provisions of EMS services to the nonresidents of the City of Willoughby Hills and through investment earnings shall be utilized for the renovation of the Fire Station.

(b) Expenditures shall be made from the Fire Department Capital Construction Fund for engineering, design, construction management, letting of construction contracts and debt service on any debt instrument issued to acquire the necessary funds to construct or renovate the Fire Department facilities.

(c) Upon the retirement of the Fire Station Improvement Bond issued December 1, 2001 to finance the construction/renovation of the fire station, the Fire Department Capital Construction Fund No. 441 shall be deemed to be closed and, after any remaining liabilities related to the renovation of the fire station, the issuance of debt financing the project or the cost of collecting ambulance fees from nonresidents have been paid, any remaining fund equity shall be and is hereby authorized for transfer to the Fire Department Property, Plant and Equipment Capital Fund No. 444.

(Ord. 2004-39. Passed 7-22-04. Amended Ord 2016- Passed)

135.26 FIRE DEPARTMENT CAPITAL EQUIPMENT FUND.

(a) The Director of Finance is hereby authorized and directed to deposit fees and charges for services generated by the Fire Department, grants, donations, and other revenue directed by Council into the Fire Department Capital Equipment Fund.

(b) Expenditures shall be made from the Fire Department Capital Equipment Improvement Fund specifically for the purchase of fire ambulances, fire trucks, safety vehicles, and other major pieces of capital equipment.

(c) The Director of Finance is hereby authorized and directed to make application to the Ohio Bureau of Inspection for approval of the creation of the Fire Department Capital Equipment Fund.

(Ord. 2004-39. Passed 7-22-04)

PROPOSED REVISION

135.26 FIRE DEPARTMENT PROPERTY, PLANT AND EQUIPMENT CAPITAL EQUIPMENT FUND.

(a) The Director of Finance is hereby authorized and directed to deposit fees and charges for services generated by the Fire Department, grants, donations, investment revenue and other revenue directed by Council including, but not limited to, fees from EMS and Fire Services to the village of Waite Hill and fees from EMS services from non-residents of the City of Willoughby Hills into the Fire Department Property, Plant and Equipment Capital Equipment Fund.

(b) Expenditures shall be made from the Fire Department Property, Plant and Equipment Capital Equipment Improvement Fund for the cost of engineering, design and construction or renovation of Fire Department facilities, and specifically for the purchase of major pieces of capital equipment including but not limited to fire ambulances, fire trucks, safety vehicles, and other major pieces of capital equipment. or the cost of issuing debt to finance said purchases and the annual debt service on any debt issued for this purpose.

(c) The Director of Finance is hereby authorized and directed to make application to the Ohio Bureau of Inspection for approval of the creation of the Fire Department Capital Equipment Fund.

(Ord. 2004-39. Passed 7-22-04. Amended Ord 2016- Passed)

141.05 EMERGENCY CALL FEES.

- (g) The funds collected pursuant to this Section shall be disbursed as follows:
- (1) Such part thereof necessary to defray all expenses of collection shall be paid.
 - (2) The balance remaining after such payment shall be deposited in the Fire Department Capital Improvement fund in the following manner:
 - A. Non-resident ambulance fees shall be deposited into the Department 001 of the Fire Department Capital Improvement Fund No. 441 and shall be pledged to retire the bonds issued in November of 2001 to renovate the Fire Station.
 - B. Resident ambulance fees for residents of the City of Willoughby Hills and the Village of Waite Hill shall be deposited into the Fire Levy Fund No. 240.
(Ord. 2006-29. Passed 6-13-06.)
 - C. Proceeds from the billing of motor vehicle accidents shall be deposited into Fund No. 444, and shall be used to assist in the retirement of the bond issued in January of 2005 for the purchase of a new Aerial Platform.
(Ord. 2007-7. Passed 3-8-07.)

PROPOSED REVISION

- (g) The funds collected pursuant to this Section shall be disbursed as follows:
- (1) Such part thereof necessary to defray all expenses of collection shall be paid.
 - (2) The balance remaining after such payment shall be deposited in the Fire Department Capital Improvement fund in the following manner:
 - A. Non-resident ambulance fees shall be deposited into the ~~Department 001~~ of the Fire Department Capital Improvement Fund No. 441 and shall be pledged to retire the bonds issued in November of 2001 to renovate the Fire Station. Any revenue from non-resident ambulance fees in excess of the amount needed to fully finance the 2001 Fire Station Improvement Bond debt service shall be credited to the Fire Department Property, Plant and Equipment Capital Fund No. 444.
 - B. Resident ambulance fees for residents of the City of Willoughby Hills and the Village of Waite Hill shall be deposited into the Fire Levy Fund No. 240.
(Ord. 2006-29. Passed 6-13-06.)
 - C. Proceeds from the billing of motor vehicle accidents shall be deposited into Fund No. 444, and shall be used to assist in the retirement of the bond issued in January of 2005 for the purchase of a new Aerial Platform.
(Ord. 2007-7. Passed 3-8-07.)

2016 Operating Budget Revisions
As of February 25, 2016

1. **Addition of a New Game Room** - It was recently learned that a new game room has begun operating in the City. The General Fund Resources have been increased by \$18,000 (\$5,000 for the annual license fee, \$13,000 for the monthly per-machine game fee for 11 months).
2. **Acquisition of the West Miller Road Property** - During 2015, the City acquired the West Miller Road property because the prior owner had not been paying the taxes on the property. As a result of this acquisition, the following changes to the budget were necessary:
 - a. **General Fund Expenditures** - Increase of \$40,600 to provide for the annual property taxes and sewer assessments on the property which the City as owner is now liable.
 - b. **Debt Service Fund No. 310** - Decrease in the transfer from the Sewer Enterprise Fund of \$40,000 since the W. Miller Road Property assessment is now being paid by the General Fund. The budget assumed that this assessment was uncollectible.
 - c. **Sewer Enterprise Fund No. 610** - Decrease in the transfer to the Debt Service Fund of \$40,000 since the W. Miller Road Property assessment is now being paid by the General Fund. The budget assumed that this assessment was uncollectible.
3. **Consolidation of the Fire Construction and Fire Capital Fund Nos. 441 and 444** - See the memo from the Finance Director dated February 16, 2016 for an explanation of this change.
 - a. **General Fund** - Decrease of \$82,000 in the subsidy to the Safety Forces Special Revenue Fund No. 234 resulting from the Fire Property, Plant & Equipment Fund now financing the 2016 note debt service requirement for the 2012 Fire Truck and 2015 Ambulance Acquisition Note debt service.
 - b. **Safety Forces Special Revenue Fund No. 234** - Decrease of \$82,000 in the Subsidy Transfer In from the General Fund and a decrease of \$82,000 in the Transfer Out to the Debt Service Fund to finance the 2016 note debt service requirement for the 2012 Fire Truck and 2015 Ambulance Acquisition Note debt service which will now be funded by Fund 444.
 - c. **Fire Station Construction Fund No. 441** - Revenue and expenditure adjustments necessary to close this fund once the final payment on the Fire Station Construction Bond has been made in December 2016.
 - d. **Fire Property, Plant & Equipment Fund No. 444** - See memo for explanation.
4. **Road Levy Special Revenue Fund No. 270** - Due to the uncertainty of the final design of the of the Route 91 repaving project and the status of the availability of federal grant money being released this year, , the proposed budget has been adjusted to reflect the project's expense budget as reflected in the grant contract previously approved by Council. The project as currently designed will require the City to provide an additional \$350,000 in local funding for the project to go forward. A decision will have to be made at that time by Council as to how this additional expense is to be financed. Possibilities for additional financing include:
 - a. A subsidy transfer from the General Fund; or
 - b. Fully depleting the projected \$106,400 remaining in the Road Levy Special Revenue Fund and financing the remaining \$243,600 balance by a subsidy transfer from the Street Construction, Maintenance and Repair Special Revenue Fund No. 250's projected available year end fund balance of \$286,700. This option leaves both funds with little to no working capital; or
 - c. Issuing debt to finance all or part of the local share of the project and retiring the debt in future year's budgets; or
 - d. Any combination of the above.

City of Willoughby Hills

Interoffice Memo

Date: April 22, 2016
To: Council President Nancy Fellows and Members of City Council
From: Frank Brichacek, Director of Finance *FJB*
Subject: 2016 Operating Budget Revisions – Route 91 Resurfacing Project

Summary

- Pursuant to Section 2.22 of the City Charter, the Mayor will be introducing legislation at the April 28th Regular Council Meeting to amend the 2016 Operating Budget to provide for an increase of \$349,700 in the Route 91 Resurfacing Project Budget.
- The requested increases in the appropriations of the General Fund and Road Levy Special Revenue Funds to provide for this change are based upon the project engineer's current estimate of the project's construction cost.

Discussion

The 2016 approved operating budget provides \$1,319,400 for the City's share of the construction portion of the Route 91 Resurfacing Project. Of this amount, the budget anticipated that \$1,055,500 will be funded by a federal grant and the remaining \$263,900 would be financed by the resources of the Road Levy Special Revenue Fund.

I have been advised that the engineer has completed the design of the project. Based upon that design, the engineer's current estimate of the City's share of the project's construction cost is \$1,669,014, an increase of approximately \$349,700. Since the amount of the federal grant is fixed at \$1,055,500 the City must provide the additional \$349,700 from its own resources for the project to move forward.

As was discussed during the budget process, the City has two choices to close the project's funding gap. Assuming that the decision to use \$263,900 from the Road Levy Special Revenue Fund's resources is not changed, the City can either borrow the additional \$349,700, repaying this debt from future year's budgets, or finance the additional cost from the City's current available resources.

A representative of the County Engineer's Office advised me today that the project is currently being advertised for bids. The bid opening is scheduled for May 18th and they anticipate analyzing the bids they receive and awarding the contract in either late May or early June. The City will have to provide the County with its share of the project funding at that time.

The attached schedule revises the 2016 appropriation of the General Fund No. 110 and the Road Levy Special Revenue Fund No. 270 to provide the funding necessary for the Route 91 Resurfacing Project to move forward. The following changes are being proposed:

General Fund No. 110

Increasing the 2016 appropriation of the General Fund by \$349,700, from \$6,470,700 to \$6,820,400, to provide for a \$349,700 transfer from the General Fund No. 110 to the Road Levy Special Revenue Fund No. 270.

To: Council President Nancy Fellows and Members of City Council
2016 Operating Budget Revision No. 1 – Route 91 Resurfacing Project
April 22, 2016

Road Levy Special Revenue Fund No. 270

Increasing the appropriation of the Road Levy Special Revenue Fund No. 270 by \$349,700, from \$1,958,400 to \$2,308,100, to provide for an increase in the budget of the Route 91 Resurfacing Project from \$1,319,400 to \$1,669,100. I will also be requesting that the County Budget Commission increase the estimated resources of the Road Levy Special Revenue Fund No. 270 by \$349,700, from \$1,746,900 to \$2,096,600 to reflect this new revenue source.

If you have any questions regarding these appropriation changes, do not hesitate to contact me. If you have any questions regarding Route 91 Resurfacing Project, please contact either City Engineer Pete DiFranco or Mayor/Service Director Robert Weger.

Attachment


C: Debbie Doles, Assistant Finance Director

City of Willoughby Hills

Interoffice Memo

Date: May 26, 2016

To: Council President Nancy Fellows and Members of City Council

From: Frank Brichacek, Director of Finance 

Subject: 2016 Operating Budget Revisions – Bishop Road Traffic Control Box Replacement

Summary

- A traffic accident occurred yesterday, May 25, 2016 near the intersection of Bishop and Eddy Roads which resulted in the destruction of the traffic control box and the equipment inside the box.
- The Street Superintendent estimates the cost of repairing/replacing the damage traffic control box and equipment to be in the range of \$40,000 to \$50,000. The damaged equipment will be repaired by or purchased from and the bulk of the work will be performed by a single vendor, Signal Service Company.
- The City will pursue reimbursement for the cost of this repair from either the driver or the driver's insurance company. If reimbursement is not received from the driver or the driver's insurance company, the City will make a claim with the City's insurance carrier.
- Due to the threat to public safety and the need to maintain traffic control in the area, the repair work and ordering of replacement equipment needs to begin immediately. It is estimated that it will take up to a month to complete.
- Pursuant to Section 2.22 of the City Charter, the Mayor will be introducing legislation at the May 26th Regular Council Meeting to amend the 2016 Operating Budget to provide for an increase of \$50,000, from \$1,159,000 to \$1,209,000, in the appropriation of the Street Construction, Maintenance & Repair Special Revenue Fund No. 250.
- The Street Construction, Maintenance & Repair Special Revenue Fund No. 250 has sufficient unappropriated resources to finance the cost of this repair until the City is reimbursed by insurance.

Discussion

The attached schedule increases the 2016 appropriation of the General Fund No. 250 Street Construction, Maintenance and Repair Special Revenue Fund No. 250 by \$50,000, from \$1,159,000 to \$1,209,000, to provide the funding necessary for the immediate repair/replacement of the traffic control box and equipment that was damaged/destroyed in the May 25th traffic accident. The unappropriated available fund balance of this fund is sufficient to provide financing for this project until reimbursement is received from the driver or the driver's insurance company.

In addition to the requested appropriation change, I will also be requesting that the County Budget Commission increase the estimated resources of the Street Construction, Maintenance and Repair Special Revenue Fund No. 250 by \$50,000, from \$1,145,685 to \$1,195,685, the amount anticipated to be received from either the driver or the driver's insurance company. Related to this change, an ordinance has been requested giving the Mayor the authority to expend the amounts

To: Council President Nancy Fellows and Members of City Council
2016 Operating Budget Revision No. 2 – Bishop Road Traffic Signal Control Box Replacement Project
May 26, 2016

necessary to complete this repair and to waive the public bidding requirement should the cost of the emergency repair exceed \$50,000 due to the emergency nature of the project.

If you have any questions regarding this appropriation change, do not hesitate to contact me. If you have any questions regarding either the traffic control box replacement or the accident itself, please contact either Street Superintendent Mark Grubiss, Police Chief Chris Collins or Mayor/Service Director Robert Weger.

Attachment


C: Mayor Robert Wegetr
Tom Lobe, Law Director
Debbie Doles, Assistant Finance Director

City of Willoughby Hills

Interoffice Memo

Date: July 8, 2016

To: Council President Nancy Fellows and Members of City Council

From: Frank Brichacek, Director of Finance 

Subject: 2016 Operating Budget Revisions – **Corrected**

- Walmart Bullet Proof Vest Grant
- Estate Tax Collection Fees

Summary

- The Fire Department applied to Walmart for a \$2,000 grant to purchase two sets of ballistic vests and helmets to use in tactical situations they respond to. Walmart awarded the City a \$1,000 grant for this purpose.
- The grant funds were credited to the Fire Department Capital Equipment Fund No. 444. In order for the Fire Department to expend the grant funds received, Council must first appropriate the money for expenditure.
- The attached schedule increases the appropriation of the Fire Department Capital Equipment Fund No. 444 by \$1,000 to provide for the acquisition of said ballistic vests and helmets.
- The City also received approximately \$16,300 in Estate Tax revenue from the Lake County Auditor from estates which closed prior to the State of Ohio eliminating the Estate Tax.
- The County Auditor deducted approximately \$2,000 in fees for the cost of administering the Estate Tax. Since the 2016 Operating Budget did not anticipate receiving any Estate Tax revenue, the budget did not include any allocation for this expense.
- To date, the City has received \$4,500 from the sale of surplus equipment. This revenue has been credited to the City's Capital Fund No. 420. The Capital Fund No. 420's 2016 Operating Budget did not anticipate this resource.
- To provide for these three new revenue sources, I will request that Lake County Budget Commission increase the 2016 Certificate of Estimated Resources as follows:
 - \$ 1,000 – Fire Department Capital Equipment Fund No. 444
 - \$20,800 – Capital Fund No. 420

Discussion

The attached schedule increases the 2016 appropriation of the Fire Department Capital Equipment Fund No. 444 by \$1,000, from \$93,200 to \$94,200, to provide the acquisition of a ballistic vest and helmet financed by a grant from Walmart. It also increases the appropriation of the Capital Improvement Fund No. 420 by \$2,000 to provide for Estate Tax Administration Fees charged to the City by the Lake County Auditor.

In addition to the requested appropriation change, I will also be requesting that the County Budget Commission increase the estimated resources of the Fire Department Capital Equipment Fund No. 444 by \$1,000, from \$100,584 to \$101,584, the amount of the grant received from Walmart. I will also request that the estimated resources of the Capital Fund No. 420 be increased by \$20,800, from

To: Council President Nancy Fellows and Members of City Council
2016 Operating Budget Revision No. 2 – Walmart Grant and Estate Tax Administration Fee
July 8, 2016

\$157, 950 to \$178,750, to reflect the revenue received to date from the Estate Tax (\$16,300) and the sale of surplus equipment (\$4,500).

If you have any questions regarding this appropriation change, do not hesitate to contact me. If you have any questions regarding the Walmart grant, please contact either Mayor/Safety Director Robert Weger or Fire Chief Bobby DiSanto.

Attachments

C: Mayor Robert Weger
Tom Lobe, Law Director
Debbie Doles, Assistant Finance Director

2016 Operating Budget Revisions
As of July 14, 2016

General Fund No. 110

<u>Description</u>	<u>Account</u>	<u>Amount</u>	
Budget Surplus/(Deficit) 2/5/16			(\$54,900)
<u>Revenue Adjustments</u>			
New Game Room - Licenses	110.000.45115	\$5,000	
New Game Room - Mechanical License Fees	110.000.45116	13,000	
Total Revenue Adjustments - (Increase)/Decrease			\$18,000
<u>Expense Adjustments</u>			
Safety Forces Subsidy - Reduction due to Capital Fund Consolidation	110.234.59115	(\$82,000)	
City Owned Property - Property Tax W. Miller Rd	110.350.53950	40,600	
Ord. 2016-16 Transfer To Road Levy SR Fund No. 270 - Rt. 91 Paving Project Subsidy		349,700	
Total Expense Adjustments - (Increase)/Decrease			308,300
Net Change - Excess of Revenues Over/(Under) Expenditures			(290,300)
General Fund Budget Surplus/(Deficit) 7/14/16			(\$345,200)

Safety Forces Special Revenue Fund No. 234

<u>Description</u>	<u>Account</u>	<u>Amount</u>	
Budget Surplus/(Deficit) 2/5/16			(89,500)
<u>Revenue Adjustments</u>			
Transfer From General Fund - Reduction due to Capital Fund Consolidation	234.234.49300	(\$82,000)	
Total Revenue Adjustments - (Increase)/Decrease			(\$82,000)
<u>Expense Adjustments</u>			
Transfer to Debt Service Fund 310			
2012 Fire Truck Note Debt Service	234.240.59131	(\$55,200)	
2015 Ambulance Acquisition Note Debt Service	234.240.59131	(26,800)	
Total Expense Adjustments - (Increase)/Decrease			(82,000)
Net Change - Excess of Revenues Over/(Under) Expenditures			0
Safety Forces SR Fund Budget Surplus/(Deficit) 7/14/16			(\$89,500)

Street Construction, Maintenance & Repair Special Revenue Fund No. 250

<u>Description</u>	<u>Account</u>	<u>Amount</u>	
Budget Surplus/(Deficit) 2/5/16			0
<u>Revenue Adjustments</u>			
Ord. 2016-32 - Insurance Reimbursement for the Eddy/Bishop Rd. traffic controller destroyed in a motor vehicle accident	250.000.49530	\$50,000	
Total Revenue Adjustments - (Increase)/Decrease			\$50,000
<u>Expense Adjustments</u>			
Ord. 2016-32 - Eddy/Bishop Rd. traffic controller	250.350.56300	\$50,000	
Total Expense Adjustments - (Increase)/Decrease			50,000
Net Change - Excess of Revenues Over/(Under) Expenditures			0
SCMR SR Fund Budget Surplus/(Deficit) 7/14/16			\$0

Road Levy Special Revenue Fund No. 270

<u>Description</u>	<u>Account</u>	<u>Amount</u>	
Budget Surplus/(Deficit) 2/5/16			(561,100)
<u>Revenue Adjustments</u>			
Ord. 2016-16 - Transfer From General Fund - Rt. 91 Paving Project Subsidy	270.353.49300	\$349,700	
Total Revenue Adjustments - (Increase)/Decrease			\$349,700
<u>Expense Adjustments</u>			
Transfer to Debt Service Fund 310			
Rt 91 Paving Project - Reduction to current engineer's estimate of project cost	270.353.56800	(\$349,600)	
Ord. 2016-16 - Rt. 91 Paving Project Subsidy - Increase to engineer's current estimate of project cost	270.353.56800	349,700	
Total Expense Adjustments - (Increase)/Decrease			100
Net Change - Excess of Revenues Over/(Under) Expenditures			349,600
Road Levy SR Fund Budget Surplus/(Deficit) 7/14/16			(\$211,500)

2016 Operating Budget Revisions
As of July 14, 2016

General Obligation Debt Service Fund No. 310

<u>Description</u>	<u>Account</u>	<u>Amount</u>	
Budget Surplus/(Deficit) 2/5/16			31,800
<u>Revenue Adjustments</u>			
Transfer From Fund 441 Fire Station Const. Fund	310.000.49301	(\$110,600)	
Transfer From Fund 444 Fire PP&E Capital Fund	310.000.49302	192,600	
Transfer From Fund 234 Safety Forces SR Fund	310.000.49307	(82,000)	
Transfer From Fund 610 Sewer Enterprise Fund	310.000.49303	(40,000)	
Total Revenue Adjustments - (Increase)/Decrease			(\$40,000)
<u>Expense Adjustments</u>			
None		\$0	
Total Expense Adjustments - (Increase)/Decrease			0
Net Change - Excess of Revenues Over/(Under) Expenditures			(40,000)
General Fund Budget Surplus/(Deficit) 7/14/16			<u>(\$8,200)</u>

Capital Improvement Fund No. 420

<u>Description</u>	<u>Account</u>	<u>Amount</u>	
Budget Surplus/(Deficit) 2/5/16			(155,000)
<u>Revenue Adjustments</u>			
Ord. 2016-39 - Estate Tax Revenue	420.000.42100	\$16,300	
Ord. 2016-39 - Sale of Equipment	310.000.49303	4,500	
Total Revenue Adjustments - (Increase)/Decrease			\$20,800
<u>Expense Adjustments</u>			
Ord. 2016-39 - County Estate Tax administration fee	420.110.53900	\$2,000	
Total Expense Adjustments - (Increase)/Decrease			2,000
Net Change - Excess of Revenues Over/(Under) Expenditures			18,800
Capital Improvement Fund Budget Surplus/(Deficit) 7/14/16			<u>(\$136,200)</u>

Fire Dept. Capital Construction Fund No. 441

<u>Description</u>	<u>Account</u>	<u>Amount</u>	
Budget Surplus/(Deficit) 2/5/16			23,200
<u>Revenue Adjustments</u>			
2016 Waite Hill fire dispatching services fee	441.000.44400	(\$400)	
EMS response fees - transferred to Fund 444	441.000.44420	(89,000)	
Total Revenue Adjustments - (Increase)/Decrease			(\$89,400)
<u>Expense Adjustments</u>			
EMS & Accident Response fee billing services	441.240.53700	(\$6,200)	
EMS Services/Accident Response refunds	441.240.59700	(941)	
Total Expense Adjustments - (Increase)/Decrease			(7,141)
Net Change - Excess of Revenues Over/(Under) Expenditures			(82,259)
Fire Dept. Capital Construction Fund Budget Surplus/(Deficit) 7/14/16			<u>(\$59,059)</u>

Fire Dept. Property Plant & Equipment Capital Fund No. 444

<u>Description</u>	<u>Account</u>	<u>Amount</u>	
Budget Surplus/(Deficit) 2/5/16			0
<u>Revenue Adjustments</u>			
Non-Resident EMS Fees - Formerly accounted for in Fund 441	444.000.44421	\$89,000	
Ord. 2016-39 - Walmart Grant	444.000.44345	1,000	
Total Revenue Adjustments - (Increase)/Decrease			\$90,000
<u>Expense Adjustments</u>			
EMS & Accident Response fee billing services	444.240.53700	\$6,200	
Transfer To Fund 310 - 2016 Fire Truck &			
Ambulance bonds Debt Service	444.240.59100	82,000	
Ord. 2016-39 - Walmart Grant - Bulletproof Vest & Helmet	444.240.55250	1,000	
Total Expense Adjustments - (Increase)/Decrease			89,200
Net Change - Excess of Revenues Over/(Under) Expenditures			800
Fire Dept. Capital Equipment Fund Budget Surplus/(Deficit) 7/14/16			<u>\$800</u>

2016 Operating Budget Revisions
As of July 14, 2016

<u>Sewer Enterprise Fund No. 610</u>			
<u>Description</u>	<u>Account</u>	<u>Amount</u>	
Budget Surplus/(Deficit) 2/5/16			\$21,500
<u>Revenue Adjustments</u>			
None		\$0	
Total Revenue Adjustments - (Increase)/Decrease			\$0
<u>Expense Adjustments</u>			
Transfer To Debt Service Fund No. 310 - Elimination of the W. Miller Rd. Property Assessment			
Uncollectible Expense	610.680.59100	(\$40,000)	
Total Expense Adjustments - (Increase)/Decrease			(40,000)
Net Change - Excess of Revenues Over/(Under) Expenditures			40,000
General Fund Budget Surplus/(Deficit) 7/14/16			<u>\$61,500</u>

This Page Intentionally Blank